

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: XC Reduction in Hatchery Maintenance
Budget Period: 2011-13
Budget Level: PL - Performance Level

Recommendation Summary Text:

This 5% General Fund-State reduction option will reduce hatchery maintenance. Currently, funding is used for emergencies and "band-aid fixes." Due to past reductions, the Department's maintenance budget is a fraction of that needed for responsible asset management. Additional cuts will further reduce the Department's ability to manage these assets, such as reducing dredging and maintenance of three intakes at \$12,000 each. If a major flood event occurs, gravel and debris will choke off these intakes because dredging didn't occur. The hatcheries may lose their ability to draw water resulting in major fish loss. This fish loss could mean a negative impact to ESA listed salmon and/or a loss of revenue to the State's economy. If the intakes are damaged, repairs may require a capital request of at least \$70,000 for each intake.

Fiscal Detail

Operating Expenditures	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(20,796)	(20,795)	(41,591)
Total Cost	(20,796)	(20,795)	(41,591)

Package Description:

There is currently an inadequate amount of funding provided to maintain the Department's hatcheries (about \$11,000 per hatchery). At the current level, hatcheries only have funding to make minimal repairs when systems fail. Often repairs are temporary and/or inadequate for the facilities' needs. This has led to a backlog of hatchery maintenance needs, leaving facilities at risk of catastrophic failure or loss. The estimated funding to maintain hatcheries at an adequate level is approximately \$130,000 per hatchery. This funding is critical to repair and maintain hatcheries, but at the current level is primarily used for emergencies and "band-aid fixes." The Capital and Asset Management Program (CAMP) estimates about \$8,880,000 per year is needed for hatchery maintenance. Currently, the Department can only fund less than ten percent of the activity using a combination of General Fund-State and Wildlife Fund-State funds.

The Department's infrastructure is deteriorating at an alarming rate. Reduced funding for maintenance has been affecting all Department programs for many years. Decreasing the maintenance budget for the Department's facilities will prevent staff from focusing on their primary work duties; increase the deferred maintenance backlog; increase capital budget requests for repairs and replacements of assets unusable because they weren't maintained; create utility inefficiencies; and increase the risk to staff and the public.

This reduction will continue to:

- Divert the construction crews and employees to work on emergency repairs and non-scheduled maintenance work.

- Divert operating and capital funds to make emergency repairs the Department could have prevented with regular maintenance.
- Increase the failure rate of Water delivery system pumps, generators, alarm systems, and piping. These systems are the lifeblood of our hatcheries. Failure to properly maintain them will lead to possible loss of critical fish stocks.
- Increase the capital budget request funding to replace or repair assets because the Department could not perform maintenance.
- Exacerbate the damage created by natural disasters (floods) because maintenance was not adequately performed.
- Divert funds from new projects to fix emergency repairs on current assets.
- Increase energy usage by unmaintained equipment.
- Risk of facility closures because facilities are unsafe for the public or employees.

Decreasing the maintenance budget for the Department's assets will increase operational costs and worsen the life cycle cost of facilities and infrastructure. Maintenance is needed to keep facilities operating properly, efficiently, and effectively. This decrease of funding further prevents us from performing maintenance on a routine and scheduled basis.

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Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Taking this reduction project will reduce the ability for the agency to meet the following performance measures:

- Percentage of assets maintained to an adequate operational standard
- Percent of assets maintained to safety standards
- Percent of assets maintained to an adequate OFM standard

Performance Measure Detail

Activity: A034 Manage Agency Facilities and Assets

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No, this package reduces the Department's ability to implementing Goal 3 of the WDFW 2011-17 Strategic Plan: Use sound business practices to deliver high-quality customer service, Objective C: Effectively and efficiently manage agency assets.

Reducing maintenance for hatcheries will reduce the ability for the Department's assets to support its goals and objectives.

Does this decision package provide essential support to one of the Governor's priorities?

This option reduces support for Governor's priority "Provide stewardship of cultural and recreational assets," and "Establish safeguards and standards to protect natural resources." This reduction will reduce the Department's ability to manage assets that provide cultural and recreational opportunities and protect fish.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

No, this option will reduce support for economic development and natural resources and recreation. This option can impact the ability for hatcheries to produce fish efficiently.

What are the other important connections or impacts related to this proposal?

This request further reduces the maintenance program, which will place fish production a risk and ultimately increase the impact to the Department's capital budget. If facilities were maintained, the capital budget could focus on areas appropriate for capital funds verses using limited bond funds to replace items damaged due to a lack of maintenance.

What alternatives were explored by the agency, and why was this alternative chosen?

NA

What are the consequences of not funding this package?

The Department must maintain its assets. This reduction package will continue to lead to more capital requests in the future to make up for lost maintenance. Reduced maintenance can also exacerbate the damage created by natural disasters (floods). In extreme cases, the Department could be forced to close facilities, which may reduce fishing opportunities and result in the loss of revenue to the State and the private sector. Failure to properly maintain facilities also places staff and the public at risk. Catastrophic loss of fish production could result if hatchery infrastructure is not maintained.

What is the relationship, if any, to the state's capital budget?

This request is expected to impact the Capital Budget. If there is an emergency and not enough funding to cover the damage, the Department may need to request emergency funds to fix the infrastructure/facility. Unmaintained assets are vulnerable to floods and unexpected failure. Repairs of failed systems often require the use/request of capital funds to recover.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Object E: represents a reduction in equipment and supplies needed for hatchery maintenance. Included in object E is \$6,591, which represents the infrastructure and support costs associated with this program reduction. Recent administrative cuts have been deeper than program cuts, and administrative services reflect skeletal staffing levels. Future administrative cuts will therefore be proportionate to program reductions, and administrative functions will generally comply with state and federal laws.

Object J: represents the reduce travel to hatcheries not receiving maintenance.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs associated with this proposal are ongoing.

<u>Object Detail</u>		<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
E	Goods And Services	(19,796)	(19,795)	(39,591)
G	Travel	(1,000)	(1,000)	(2,000)
Total Objects		(20,796)	(20,795)	(41,591)